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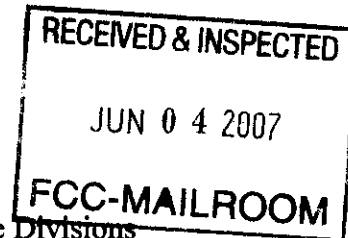
W. Lane Lanford
Executive Director



Public Utility Commission of Texas

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Marlene H. Dortch - Secretary
Federal Communications Commission
445 Twelfth Street, S.W. - TWA 325
Washington, D.C. 20554



Irene Flannery - Vice-President of High Cost and Low Income Divisions
Universal Service Administrative Company
2000 L. Street, NW - Suite 200
Washington, D.C. 20036

May 24, 2007

RE: *Federal-State Joint Board on Universal Service, CC Docket No. 96-45*

**TPUC Project No. 25787 - FCC Letters Regarding ETC Designation Pursuant to
FTA '96 § 214(e) (2)**

**TPUC Docket No. 32697 – Application of Grande Communications Networks,
Inc. for Designation as an Eligible Telecommunications Carrier (ETC) and
Designation as an Eligible Telecommunications Provider (ETP)**

ETC Designation of Grande Communications Networks, Inc.

Pursuant to Section 214(e) (2) of the Communications Act of 1934, as amended (the "Act") and 47 C.F.R. sections 54.201 – 54.203, the Texas Public Utility Commission (TPUC) has granted eligible telecommunications carrier (ETC) designation to Grande Communications Networks, Inc. (Grande). The attached *Order*, Docket No. 32697, issued on May 4, 2007, grants Grande ETC designation in various wire centers where AT&T Texas or Verizon Southwest (Verizon) is the incumbent provider, as shown in Appendix A of Grande's application. Both AT&T Texas and Verizon are non-rural incumbent local exchange carriers (ILECs).



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If you require any additional information please call Rick Talbot at (512)-936-7257.

Sincerely,

A handwritten signature in black ink that reads "Rick Talbot". The signature is written in a cursive, slightly stylized font.

Rick Talbot – Policy Analyst
Communication Industry Oversight Division - Texas Public Utility Commission

cc: attachments

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**PUC DOCKET NO. 32697
SOAH DOCKET NO. 473-07-0032**

**APPLICATION OF GRANDE
TELECOMMUNICATIONS NETWORKS,
INC. FOR DESIGNATION AS AN
ELIGIBLE TELECOMMUNICATIONS
CARRIER AND DESIGNATION AS AN
ELIGIBLE TELECOMMUNICATIONS
PROVIDER**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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ORDER

This Order approves the application, as amended, of Grande Communications Networks, Inc. (Grande) for the addition of certain areas to Grande's designation as an Eligible Telecommunications Carrier (ETC) and an Eligible Telecommunications Provider (ETP) in order to allow Grande to receive support from the Federal Universal Service Fund (FUSF) and the Texas Universal Service Fund (TUSF). This docket was processed in accordance with applicable statutes and Public Utility Commission of Texas (Commission) rules. Grande, Commission Staff, the Texas Legal Services Center (TLSC), and the Office of Public Utility Counsel (OPC) (collectively, Parties) filed an Agreed Motion to Approve Unanimous Settlement (Settlement), which fully and finally resolves all differences with respect to Grande's application, as amended. Consistent with the Parties' Settlement, Grande's application, as amended, is approved.

I. Introduction

Grande is a telecommunications utility that provides bundled cable, internet access, and telephone service in several regions of Texas. Grande has provided those services since 2001. The Commission has previously designated Grande as an ETC and ETP in certain of its service areas. Such designation allows Grande to receive support from the FUSF and the TUSF.

On May 9, 2006, Grande filed an application for approval to add certain areas to its designation as an ETC and ETP. The application was subsequently amended several times. The Commission's Administrative Law Judge (ALJ) signed orders granting intervenor status to the

TLSC and to the OPC on June 23, 2006 and July 13, 2006, respectively. Windstream Sugar Land, Inc. f/k/a Sugar Land Telephone Company (Windstream) also sought intervention, but subsequently filed a voluntary withdrawal of its request.

This matter was referred to the State Office of Administrative Hearings (SOAH) for a contested case hearing with respect to various contested fact issues. Grande, Commission Staff, OPC, and TLSC are the only parties to this proceeding.

On November 10, 2006, Grande filed the direct testimony of W.K.L. Ferguson, Jr. and Brandy Adams. The Parties then engaged in written discovery. The Parties were ultimately able to come to an agreement as to the contested matters. On or about January 5, 2007, the Parties executed a Settlement, which finally and fully resolved their differences with respect to the application, as amended.

Consistent with the Settlement, Grande's application for ETC and ETP designation, as amended, is approved.

The Commission adopts the following findings of fact and conclusions of law:

II. Findings of Fact

Background, Notice, and Procedural History

1. Grande is a telecommunications utility that provides bundled telecommunications, cable, and internet access services to the public in several regions of Texas.
2. The Commission previously designated Grande as an ETC and an ETP in the following areas:
 - a. Century Tel of San Marcos service area.¹

¹ *Application of Grande Communications Networks, Inc. for Designation as an Eligible Telecommunications Carrier (ETC) Pursuant to P.U.C. SUBST. R. 26.418 and Eligible Telecommunications Provider (ETP) Pursuant to P.U.C. SUBST. R. 26.417, Docket No. 26404, Order on Rehearing (Jul. 15, 2003).*

- b. Argyle, Bartonville, Copper Canyon, Aubry, Krugerville, Little Elm, McKinney, and Prosper wire centers.²
 - c. Denton exchanges and the Sugar Land Telephone Company Sugar Land exchange.³
- 3. On May 9, 2006, Grande filed an application for approval to add certain areas to its designation as an ETC to be eligible to receive support from the FUSF, and as an ETP to be eligible to receive support from the TUSF. The application was subsequently amended on June 14 and 27, 2006, and on July 13 and 31, 2006.
- 4. The application, as amended, seeks ETC/ETP designation for the following areas: (a) Buda, Carrollton, Denton, Irving, Lewisville, Plano, and Stafford wire centers where Verizon Southwest, Inc. (Verizon) is the incumbent provider; and (b) Allen, Arlington, Austin, Bammel, Barker, Corpus Christi, Dallas, Deer Park, Euless, Fort Worth, Frisco, Houston, Houston Suburb, Lorena, Midland, Odessa, Richmond-Rosenberg, Roanoke, Rockwell, San Antonio, Spring, Terminal, and Waco wire centers where Southwestern Bell Telephone, LP d/b/a AT&T Texas (AT&T Texas) is the incumbent provider. These areas are detailed more specifically in Appendix A to Grande's application, as amended. (These areas are collectively referred to hereinafter as the New Areas.)
- 5. Notice of Grande's application, as amended, was submitted for publication in the *Texas Register* on May 26, 2006.

² *Application of Grande Communications Networks, Inc. to Amend its Designation as an Eligible Telecommunications Carrier (ETC) Pursuant to 47 U.S.C. § 214(e) and P.U.C. SUBST. R. 26.418 and as an Eligible Telecommunications Provider (ETP) Pursuant to 47 U.S.C. § 214(e) and P.U.C. SUBST. R. 26.417, Docket No. 30115, Order No. 3, Notice of Approval for an Amendment to its Designation as an Eligible Telecommunications Carrier (ETC) and Eligible Telecommunications Provider (ETP) (Oct. 4, 2004).*

³ *Application of Grande Communications Networks, Inc. to Amend its Designation as an Eligible Telecommunications Carrier (ETC) and to Amend its Designation as an Eligible Telecommunications Provider (ETP), Docket No. 31109, Order No. 3, Notice of Approval to Amend Designation as an Eligible Telecommunications Carrier (ETC) and as an Eligible Telecommunications Provider (ETP) (Jul. 5, 2005).*

6. On June 23, 2006, TLSC was granted intervenor status in this docket. On July 13, 2006, OPC was granted intervenor status in this docket.
7. On August 14, 2006, Grande's application, as amended, was found to be sufficient.
8. On September 6, 2006, Grande's application, as amended, was referred to SOAH for purposes of conducting a hearing on the merits and issuing a proposal for decision, if necessary.
9. On June 14, 2006, Windstream, a local exchange carrier providing telephone service in certain areas in Texas, filed a motion to intervene in this matter. However, on November 1, 2006, Grande and Windstream Sugar Land filed a joint Stipulation and Voluntary Withdrawal, whereby Windstream Sugar Land voluntarily withdrew its intervention request.
10. On November 10, 2006, Grande filed the direct testimony of W.K.L. Ferguson, Jr. and Brandy Adams in support of the application, as amended (collectively, Testimony).
11. P.U.C. SUBST. R. 26.417(f)(2)(D) and 26.418(g)(2)(D) suspended the effective date of the application, as amended, to March 10, 2007, 120 days after the applicant has filed all of its direct testimony and exhibits.
12. On January 5, 2007, the Parties executed a Settlement which finally and fully resolved any objections to the application, as amended. The Settlement provides, in part, that Grande agrees to undertake increased efforts to inform consumers of the availability of Lifeline and Link-up services through statements on bills, print advertisements, community outreach programs and presentations, website links, and customer care representative training.

Settlement-Designation as an ETC

13. Grande is a common carrier as required by 47 U.S.C. § 214(e)(1) and P.U.C. SUBST. R. 26.418(c), as that term is defined by 47 U.S.C. § 153(10).
14. Grande currently offers, and upon designation as an ETC for the New Areas will offer, the following services supported by the FUSF (hereinafter Supported Services):
 - a. voice grade access to the public switched network;
 - b. local usage;
 - c. dual tone multi-frequency signaling or its functional equivalent;
 - d. single party service or its functional equivalent;
 - e. access to emergency services;
 - f. access to operator services;
 - g. access to interexchange service;
 - h. access to directory assistance; and
 - i. toll limitation for qualifying low-income consumers
15. Grande can and will advertise the availability of the Supported Services using media of general distribution.
16. Grande can and will make the Supported Services available throughout the requested New Areas.
17. Grande currently has the ability to provide the Supported Services referred to in Finding of Fact No. 14 through a combination of its own facilities and resale of another carrier's facilities.
18. Grande has demonstrated that it can and will provide basic local telecommunications service to any requesting customer in the New Areas.
19. Grande is E911 compliant.
20. Designation of Grande as an ETC in the New Areas is in the public interest.

Settlement-Designation as an ETP

21. Grande is a telecommunications provider as that term is defined in § 51.002(10) of the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.017 (Vernon 1998 & Supp. 2006) (PURA).
22. Grande currently provides and will provide the following requirements of basic local telecommunications service in the New Areas upon designation as an ETP:
 - a. flat rate, single party residential and business local exchange telephone service, including primary directory listing;
 - b. tone dialing service;
 - c. access to operator service;
 - d. access to directory assistance services;
 - e. access to 911 service where provided by a local authority;
 - f. dual party relay service;
 - g. the availability to report service problems seven days a week;
 - h. availability of an annual local directory;
 - i. access to toll services; and
 - j. Lifeline and Link-Up service
23. Grande has demonstrated that it will offer Lifeline and Link-Up services upon designation as an ETP.
24. Grande will file an annual report with the Commission pursuant to P.U.C. SUBST. R. 26.412(h)(1) regarding its Lifeline and Link-Up subscribers.
25. Grande has committed to meet the requirement that it offer to provide basic local telecommunications service at a rate not to exceed 150% of Verizon's or AT&T Texas's rates.
26. Grande has demonstrated that it can and will provide basic local telecommunications service to any requesting customer in the New Areas.

27. Grande has demonstrated that it currently provides and will provide the required basic service throughout the New Areas through a combination of its own facilities and a combination of other companies' facilities.
28. Grande has demonstrated that it does and commits that it will provide continuous and adequate service in compliance with the quality of service standards defined in P.U.C. SUBST. R. 26.52-26.54, as required by P.U.C. SUBST. R. 26.417(c)(1)(D) as follows:
 - a. Grande complies with the requirements of P.U.C. SUBST. R. 26.52 by having both permanently installed standby generators and a battery reserve of 8 hours.
 - b. Grande complies with the requirements of P.U.C. SUBST. R. 26.53(a) by having a program of periodic tests, inspections, and preventive maintenance aimed at achieving efficient operation of its system and rendition of safe, adequate, and continuous service.
 - c. Grande complies with the requirements of P.U.C. SUBST. R. 26.53(b) by having a full-feature network control center in San Marcos that provides constant monitoring of its switching and transmission components and the performance of all equipment and facilities.
 - d. Grande complies with the requirements of P.U.C. SUBST. R. 26.53(c) by having a permanent office that is equipped with a 1,000 +/- Hz milliwatt test signal generator, a 900 Ohm balanced termination test set (quiet term set), and a 108 (loop-back) test line.
 - e. Grande has the technical capability of measuring the performance standards required by the Commission's rules and can meet any reporting requirements for telephone service in the New Areas required by the Commission's rules.
 - f. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(b)(1) by providing one-party line service to all subscribers.
 - g. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(b)(2) since it uses no open wire in its loop or trunk network.
 - h. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(b)(3) since it uses a combination of fiber-to-the-curb and copper drop-wire in its loop

transmission plant. This supports data transmission in excess of 45,000 bits per second (bps), as compared to the Commission's requirement of 14,400 bps.

- i. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(b)(4) since it has no need for an exemption to P.U.C. SUBST. R. 26.54(b)(3).
- j. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(A) since it meets or exceeds the requirement that 95% of service installation orders for primary service be completed within five working days.
- k. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(B) since Grande meets or exceeds the requirement that 90% of service orders for regular service installations be completed within five working days.
- l. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(C) since Grande meets or exceeds the requirements that 90% of service orders for service installations be completed within 30 days.
- m. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(D) since Grande meets or exceeds the requirement that 100% of service orders for service installations be completed within 90 days.
- n. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(E) by establishing and maintaining installation time commitment guidelines for various complex services contained in its tariff, which is available for public review and is applied in a non-discretionary manner.
- o. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(F) by utilizing interval measurements that commence from the date the customer qualifies for service.
- p. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(G) by providing to the customer a due date on which the requested installation or charge shall be made and that any appointment period for a premises visit shall not exceed a four-hour time period on the due date. In addition, Grande meets the requirements of the rule if an appointment cannot be met.
- q. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(H) by exceeding the requirement that 90% of Grande's commitments to customers for the date of installation of service orders shall be met.

- r. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(1)(I) by not including service orders either to disconnect service or to make any record changes on a customer's account in the interval and equipment requirements of this rule.
- s. P.U.C. SUBST. R. 26.54(c)(1)(J) does not apply to Grande since it provides only one-party service.
- t. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(2)(A), (C), (D), and (E) by establishing third-party contracts that contain requirements which meet or exceed each standard contained in this rule for directory assistance services and for operator services. In addition, Grande complies with P.U.C. SUBST. R. 26.54(c)(2)(B) by meeting the requirement that 90% of repair service calls and business office calls be answered within 20 seconds or that the average answer time shall not exceed 5.9 seconds.
- u. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(3)(A) by providing a dial tone within three seconds on 99.9% of all calls.
- v. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(3)(B) by having switching resources which complete more than 98% of intra-office calls without encountering an equipment busy condition or equipment failure.
- w. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(3)(C) because all of Grande's Class 5 switches have been available for at least 99.99% of their operating history.
- x. Grande has committed to comply with the requirements of P.U.C. SUBST. R. 26.54(c)(3)(D) that it provide a report detailing the cause and proposed correction action for failure to meet any of the above local dial service measurements.
- y. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(4) since its trunking network is designed and sized for a minimum P.01 grade of service for the peak traffic period of each week, which means that less than one call per hundred in the busy hour is denied service due to a lack of interoffice trunking capacity. In addition, Grande's availability factor for stored program controlled

digital and analog switching and inter-office transmission facilities is 99.99%, which exceed the Commission requirement of 99.93%.

- z. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(5) since it has a 99% completion rate on properly dialed toll calls, without encountering failure because of blockages or equipment irregularities.
 - aa. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(6) since its trouble reports currently average less than one report per 100 customer access lines per month, its procedures for dealing with customer trouble reports are consistent with the requirements of this rule, and above 90% of out-of-service trouble reports are cleared within eight working hours and repeat trouble reports on residence and single line business lines are below 10%.
 - bb. Grande complies with the requirements of P.U.C. SUBST. R. 26.54(c)(7) since it meets or exceeds each of the requirements in this rule. Grande's network utilizes digital transmission facilities on both loop and trunk plant. Trunks are operated with 0 decibel loss, while customer loops operate with 0 decibel transmit, -6 decibel receive. Because Grande's facilities are all digital, metallic noise levels are below those specified in the rule. Since Grande's loop and trunk transmission facilities are digital, noise and impulse noise limits are below those specified in the rule.
29. Grande is Relay Texas and E911 compliant.
30. Grande currently advertises, and is committed to advertising, the availability of Supported Services in a manner that fully informs the general public within the designated service areas. Grande has committed to include notice of the availability of low-income Lifeline service in each print advertisement regarding telephone services. This commitment includes advertisements for bundled services which include local residential telephone service. This commitment includes alternative publications such as neighborhood publications.

Settlement- Public Interest

31. As an entrant into the New Areas, Grande will provide an alternative choice of quality telecommunications service at just, reasonable, and affordable rates and will promote the deployment of advanced telecommunications and information services to the customers in the New Areas.
32. Grande has priced its basic local telecommunications service offering at less than 150% of the incumbent local exchange company.
33. Grande will offer a variety of information and advanced technology services, including advanced telecommunications and information services in product bundles at discount rates.
34. The public interest will be served by approving the Parties' Settlement and granting Grande's application, as amended, for designation as an ETC and an ETP in the New Areas.

Settlement-General

35. Grande has satisfied all public notice requirements related to its application, as amended.
36. Grande has agreed to provide, upon request from a signatory to the Settlement, a status report on the implementation of the terms of the Settlement not more often than twice per year.

III. Conclusions of Law

1. The Commission has jurisdiction over this docket pursuant to the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (Act), 47 U.S.C. § 214(e)(2), and § 56.023 of PURA.

2. The notice provided in this docket complies with P.U.C. PROC. R. 22.54 and P.U.C. SUBST. R. 26.417(f)(l) and 26.418(g)(l).
3. This proceeding was processed in accordance with the requirements of PURA and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001-2001.902 (Vernon 2000 and Supp. 2006).
4. The Settlement entered into by the Parties on or about January 5, 2007, fully resolved any objections to the application, as amended, and should be approved.
5. The designation of a telecommunications provider as an ETC is the responsibility of the Commission consistent with 47 C.F.R. § 54.201(b).
6. Only carriers designated as ETCs are eligible for FUSF support consistent with 47 C.F.R. § 54.201(a).
7. The TUSF was established to implement a competitively neutral mechanism to enable all residents to obtain basic telecommunications services consistent with P.U.C. SUBST. R. 26.401(a).
8. Only providers designated ETPs are eligible for TUSF support.
9. Designation as an ETC is contingent upon a finding that the carrier satisfies the requirements of 47 C.F.R. § 54.201(d).
10. P.U.C. SUBST. R. 26.418 incorporates the federal requirements for ETC designation.
11. To be designated an ETC, a carrier must reasonably demonstrate its ability and willingness to provide the services required of an ETC.

12. Based upon Conclusions of Law Nos. 9 and 10, a carrier's designation as an ETC depends on offering, rather than providing, Supported Services.
13. A carrier may make the required showing of offering the Supported Services by a description of the proposed service technology, a demonstration of the extent to which the carrier provides telecommunications services within the state, a description of the extent to which the carrier has entered into interconnection and resale agreements with others, a sworn affidavit signed by the carrier's representative to ensure compliance, or other means that demonstrate the carrier's ability and willingness to provide service upon designation.
14. Based upon the findings of fact in this docket, Grande has satisfied the federal and state requirements for designation as an ETC in the New Areas including requirements of 47 C.F.R. § 54.201(d) and P.U.C. SUBST. R. 26.418.
15. Although designation as an ETP is contingent on a finding that the telecommunications provider has been designated an ETC, the Commission has held that the administrative streamlining mandate reflected in the aggressive timetables set forth in P.U.C. SUBST. R. 26.417(f) and 26.418(g) requires that these and future such applications move forward simultaneously.
16. P.U.C. SUBST. R. 26.52 through 26.54 apply to all ETPs regardless of whether the ETP is also a dominant certificated telecommunications utility.
17. Section 214(e)(2) of the Act and P.U.C. SUBST. R. 26.418(e)(2) require the Commission to determine whether the designation of an additional ETC in an area served by a rural telephone company is in the public interest. P.U.C. SUBST. R. 26.417(d)(2) requires a finding that designation of an ETP in an area served by a rural carrier is in the public interest.

18. Commission analysis of the public interest is guided by the fundamental goal of preserving and advancing universal service, and the component goals of ensuring availability of quality telecommunications services at just and reasonable and affordable rates, and the deployment of advanced telecommunications and information services to all regions of the nation, including rural and high-cost areas.
19. Based on the findings of fact in this docket, Grande has satisfied the state requirements for designation as an ETP in the New Areas.
20. Upon approval by the Commission of its application, as amended, for ETC and ETP designations in the New Areas, Grande shall be eligible to receive FUSF and TUSF support for providing Supported Services in the New Areas.
21. Designation of Grande as an ETC and ETP for the New Areas is in the public interest.

IV. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

1. Grande's application as amended, for ETC and ETP in the New Areas designation is approved.
2. Grande shall file quarterly service quality performance reports with the Commission, as required by P.U.C. SUBST. R. 26.54(c).
3. Grande shall file annual reports with the Commission regarding its Lifeline and Link-Up subscriberships, as required by P.U.C. SUBST. R. 26.412(h)(1).
4. Grande shall fully comply with the terms of the Parties' Settlement, including, without limitation, the provision of the specified training to its employees, the provision of notice

regarding availability of Lifeline, and implementation of status reports as described in the Parties' Settlement.

5. The entry of an order consistent with the Settlement does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Settlement. Neither should the entry of an order consistent with the Settlement be regarded as binding precedent as to the appropriateness of any principle that may underlie the Settlement.
6. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS on the 4th day of April ~~March~~ 2007.

PUBLIC UTILITY COMMISSION OF TEXAS


PAUL HUDSON, CHAIRMAN


JULIE PARSLEY, COMMISSIONER


BARRY T. SMITHERMAN, COMMISSIONER